

## Function 450: Community and Regional Development

Federal support for community and regional development helps economically distressed urban and rural communities. Major agencies and programs included in this function are the Empowerment Zones, Community Development Block Grant, the Economic Development Administration, the Appalachian Regional Commission, rural development programs in the Department of Agriculture, the Bureau of Indian Affairs, the Federal Emergency Management Agency, and the Small Business Administration's disaster loan program.

- ***House Republican Budget Identical to the President's Budget*** — The House Republican budget provides \$14.7 billion for the Community and Regional Development function for 2003, the same level as provided by the President's budget.<sup>19</sup> The Republican budgets cut this function by \$4.1 billion below CBO's estimate of the level needed to maintain constant purchasing power. While the Republican budgets substantially increase FEMA funding for 2003, the budgets significantly cut other programs in this function.
- ***Community Development Block Grant (CDBG) Program Cut*** — Community Development Block Grants provide funds for programs and activities that promote economic development in low- and moderate-income communities. The Republican budgets provide \$4.7 billion for CDBGs, a \$379 million (7.0 percent) cut below the level needed, according to CBO, to maintain purchasing power at the 2002 level. The Republican budgets reduce grants to the top-earning one percent of eligible communities to fund development in Colonias, which are communities along the United States and Mexican border.
- ***Community Development Financial Institutions (CDFI) Fund Cut*** — The CDFI program provides grants, loans, and other assistance to promote investment in economically distressed areas. The Republican budgets provide \$68 million for CDFI, a \$13 million (16.0 percent) cut below the level needed, according to CBO, to maintain purchasing power at the 2002 level.
- ***Economic Development Administration Cut*** — Economic Development Assistance programs provide grants and other assistance to help alleviate unemployment and underemployment in economically distressed regions. The Republican budgets provide \$317 million for Economic Development Assistance programs, a \$24 million (7.0 percent) cut below the level needed, according to CBO, to maintain purchasing power at the 2002 level.

---

<sup>19</sup> The President's budget also displays \$79 million in this function to account for the full cost of accruing all pensions, retired pay, and retiree health benefits for employees. This amount reflects only an accounting change and does not represent a programmatic increase. See *Appropriated Programs* and *Creative Accounting* for further discussion.

- ***Appalachian Regional Commission Cut*** — The Appalachian Regional Commission aids economic development in the Appalachian region. The Republican budgets provide \$66 million for the Appalachian Regional Commission, a \$6 million (8.0 percent) cut below the level needed, according to CBO, to maintain purchasing power at the 2002 level.
- ***Rural Community Advancement Cut*** — The Rural Community Advancement (RCA) program provides grants, loans, and loan guarantees to stimulate economic growth and build facilities in rural communities. The Republican budgets provide \$791 million for the Rural Community Advancement program, a \$7 million cut below the level needed, according to CBO, to maintain purchasing power at the 2002 level.
- ***Empowerment Zones*** — Empowerment Zones target funds to in efforts to revitalize economically distressed urban and attract private investment. The Republican budgets include no funding for urban or rural empowerment zones for 2003. Last year urban empowerment zones received \$45 million in appropriated funds and rural empowerment zones received \$15 million in appropriated funds.